

Questions and answers for dealerships on farm equipment chipping

This Q&A sheet is intended to answer some of the more common questions NAEDA has heard from dealer members. Feel free to share these answers with your staff. As this is a general summary and won't cover every situation, please direct specific questions to your attorney or lawyer, your regional NAEDA representative or call the NAEDA dealer hotline at 800-762-5616 (US) or 800-661-2452 (Canada).

What should I tell a customer looking to buy or install a DEF delete kit?

Tampering with a DEF system is illegal in Canada and the U.S., but that's not the only risk involved. It also voids the equipment manufacturer's warranty. Some customers believe or have heard that DEF systems can cause unwanted errors and shut downs. The fact is, today's DEF systems work better than in the past. They have more current technology and perform far more reliably than earlier DEF systems. So, delete kits are not only illegal, they're unnecessary.

My customer wants to trade in equipment with a DEF delete kit installed. What now?

When equipment with altered DEF comes to a dealership as a trade-in, avoid penalties and maintain your reputation by making sure all used engines sold comply with EPA/CEPA regulations. The customer must be informed that the equipment needs to have its original DEF settings restored before it can be taken as a trade-in.

It doesn't look like any modifications have been done on a piece of used equipment we're taking in on trade. How can I protect my dealership in case we can't detect the changes?

It's true that some modifications – like changes to software – may not be evident until a problem shows up, and that can be after a used sale takes place. In this case, we encourage

all dealers to consider using a compliance form for potential trade-in customers. This form asks them to confirm that:

- the equipment they're selling complies with EPA/CEPA regulations
- the equipment has not been modified to violate EPA/CEPA regulations from its original purchased state
- they will indemnify the dealer on any claims arising from the resale of the equipment (if permitted/advisable in your province or state).

You can download a 'Trade In Release Form' from the NAEDA website free of charge. Follow this link to the password-protected member area of our website.

My customers are telling me that they've been approached by a private service company to have chipping done. What should I tell them?

A company selling chipping or tunes to boost a piece of equipment's horsepower will likely tell a customer about how good it is. The customer also needs to know there are long-term consequences to chipping or tuning.

When equipment is run at higher horsepower, temperature or groundspeed than it was engineered for, the integrity of the equipment will suffer over time. Damage is seen particularly in the transmission, rear end and final drive systems. NAEDA dealer members see this in their shops all the time: equipment showing far more wear than it should have, given the hours of operation, and usually that's due to some modification that shouldn't have been done in the first place.



If a customer asks my dealership to modify their engine, do I have to do that?

Installing some kits on equipment can be acceptable if it doesn't violate the manufacturer policy or void the warranty. However, whenever emissions standards or other environmental issues are impacted, you should use extra caution.

If the modification is known to impact the environment or their warranty, you should advise your customer of the potential risks, the fines under environmental regulations, and how the changes could affect the resale of the equipment.

If they still want to have the work done, ultimately the equipment belongs to the customer and altering it or not is their decision. As a dealer, you will need to decide if you want to participate in an action that has potential negative legal and financial consequences for both you and your customer.

We've been called to a customer's farm to work on a machine that looks like it's been tuned. Should we repair it?

Unfortunately, many companies putting custom tunes on agriculture equipment are not qualified technicians. In many cases, dealers won't – or can't – work on chipped equipment because modifications won't allow the dealer's computer system to accurately read the modified system. If the issue directly relates to the chipping or tuning, the best action is likely to get the person or company who did the original modifications to restore the settings – if your customer can find them. Since chipping equipment's operating software will void the warranty, you and your customer could potentially be on the hook for the cost of the repair.

I'm a Canadian dealership and I've heard that the issue of chipping or DEF deletes/defeats is more of an issue in the U.S. How are the rules different in Canada?

Canadian dealers selling new engines are treated the same as dealers and manufacturers in the United States, who are governed under *Environmental Protection Act* (EPA) regulations and the standards of the *Clean Air Act* (CAA). In Canada, new engines produced and sold must meet emissions standards under the *Canadian Environmental Protection Act* (CEPA).

In the U.S., cases of DEF deletes/defeats have been prosecuted. In Canada, CEPA does not specifically state the fines that may occur with the modification of agricultural equipment. Rather, the federal government currently delegates that responsibility to the provinces. However, a review is underway in Ottawa that may soon address the penalties section of the regulations in Canada.

I refused a customer request to perform a DEF delete on their equipment, and they took their business to another dealership. How can I protect my customer relationships in this situation?

Ultimately, the equipment belongs to the customer and altering it (or not) is their decision. We know how difficult it is to refuse a customer request like this. Unfortunately, a modification that is illegal should not be performed by any dealer. When some dealers do perform these services, that hurts the whole industry – not just in lost sales, voided warranties or unexpected repairs, but in the inconsistent message it sends to the farmer.

It is vitally important that all NAEDA members take a common stand against these modifications. Doing so will protect both dealers and customers from the many risks associated with chipping. When dealerships unite in the best interests of the industry, we all benefit.

